

## **56.770 Definitions for KRS 56.770 to 56.784.**

As used in KRS 56.770 to 56.784, unless the context requires otherwise:

- (1) "Aggregate simple payback period" means the simple payback period of a set of energy efficiency measures taken together for a building;
- (2) "Building" means all contiguous land, structures, appurtenances, and improvements that use energy;
- (3) "Energy audit" means examination of a building's energy-using systems, energy consumption and costs, occupancy patterns, and operation and maintenance procedures;
- (4) "Energy efficiency measure" means any construction, improvement, repair, alteration, or betterment of a building that is intended to reduce energy costs; or any equipment, fixture, or furnishing to be added to or used in a building that will be a cost-effective energy-related project that is intended to reduce energy costs;
- (5) "Guaranteed energy savings performance contract" means an agreement for the provision of energy services or equipment, including energy efficiency measures, energy conservation measures and alternate energy technologies for state government buildings, in which a person agrees to design, construct, install, maintain, operate, or manage energy systems or equipment to improve energy efficiency of, or produce energy in connection with, a state government building. Payments for a guaranteed energy savings performance contract shall be made from measured and verified savings generated from implementation of the energy efficiency measures financed by the contract. The term of a guaranteed energy savings performance contract shall not exceed the life of the energy savings generated from implementation of the energy efficiency measures financed by the contract. If the measured and verified savings are not sufficient to pay the financial obligations under the contract, the contractor is liable for the contract payments;
- (6) "Engineering analysis" means a detailed cost-benefit analysis of energy efficiency investments including a review of potential cost savings through operation and maintenance changes;
- (7) "Life-cycle cost analysis" means a method for estimating the total cost of an energy-using component or building over its useful life, including cost factors such as purchase price or construction, renovation, or leasing costs, energy use, maintenance, interest, and inflation;
- (8) "Low cost/no cost energy conservation measures" means those energy saving practices and energy efficiency measures, usually involving operation and maintenance practices, that can be accomplished by existing personnel within existing operating budgets;
- (9) "Simple payback period" means the number of years it takes to pay back, from estimated savings, the initial cost of an energy efficiency measure with the simple payback period equal to the initial cost divided by the estimated annual savings;
- (10) "Savings" means the reduction in expenditures, excluding any state government and post-secondary education personnel expenditures, that are measured and verified, including but not limited to energy usage, operating costs, and capital cost

avoidance that occur as a result of the implementation of energy efficiency measures;

- (11) "Capital cost avoidance" means savings generated when expenditures of appropriated capital construction or appropriated capital outlay funds are avoided because the budgeted capital improvements or items of equipment are contained within the energy efficiency measures provided by a guaranteed energy savings performance contract; and
- (12) "Operating costs" means expenditures associated with operating and maintaining a properly functioning building and its systems including but not limited to the heating, ventilation, cooling, lighting, plumbing, water heating, electrical, and laundry systems and their controls.

**Effective:** July 15, 2002

**History:** Amended 2002 Ky. Acts ch. 35, sec. 1, effective July 15, 2002. -- Created 1996 Ky. Acts ch. 223, sec. 1, effective July 15, 1996.